Supreme Court, U.S.
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In The
Supreme Court United States
October Term, 1994

BRUNSWICK CORPORATION,
Petitioner,

v.

BRITISH SEAGULL LIMITED and OUTBOARD MARINE CORPORATION,
Respondents.

Petition For Writ of Certiorari To The United States Court of Appeals For the Federal Circuit

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QUESTION PRESENTED

1. Is the "functionality" test applied more expansively to color trademarks than to other types of federal trademarks?

STATEMENT PURSUANT TO RULE 29.1

The only parties to this action are those listed in the caption. Brunswick Corporation has no parent or subsidiary companies, defining "subsidiary" as greater than 50% ownership (and excluding wholly owned subsidiaries).

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**PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

Petitioner, Brunswick Corporation ("Brunswick" or alternatively "Mercury"), respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in this case.

OPINIONS BELOW

The opinion of the Federal Circuit is reported at 35 F.3d 1527 and is reprinted as Appendix A, A1-28. The opinion of the United States Patent & Trademark Office, Trademark Trial and Appeals Board ("the Board") is reported at 28 USPQ2d 1197 (T.T.A.B. 1993) and is reprinted as Appendix B, A29-65. The Notice of Publication of Mercury's trademark registration application by the Trademark Examiner is reprinted as Appendix D, A69-70.

JURISDICTION

The Federal Circuit entered its judgment on September 14, 1994 (App. A, A1). Brunswick petitioned for rehearing on September 28, 1994. The petition was denied on October 24, 1994 (Appendix C, A66-68). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). The Federal Circuit had jurisdiction over the appeal from the Board under 15 U.S.C. § 1071(a)(1) and 1295(a)(4)(B). The Board had subject matter

jurisdiction over the underlying oppositions under 15 U.S.C. §§ 1063, 1070.

STATUTORY PROVISIONS INVOLVED

The statutes involved in this petition are Sections 2, 7(b), 37 and 45 of the Lanham Act, 15 U.S.C. §§ 1052, 1057(b), 1119, and 1127, which provide:

15 U.S.C. § 1052 (Lanham Act, Sec. 2) Trademarks Registrable on Principal Register.

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it --

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That if the Commissioner

determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in

the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which, (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, or (4) is primarily merely a surname.

(f) Except as expressly excluded in paragraphs (a), (b), (c), (d), and (e)(3) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods

in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the clam of distinctiveness is made.

* * *

15 U.S.C. § 1057 (Lanham Act, Sec. 7) Certificates of Registration.

....

(b) Certificate as Prima Facie Evidence.

A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive

right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate subject to any conditions or limitations stated in the certificate.

* * *

15 U.S.C. § 1119 (Lanham Act, Sec. 37) Powers of Court Over Registration.

In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

* * *

15 U.S.C. § 1127 (Lanham Act, Sec. 45) Construction and Definitions.

. . . .

The term "trademark" includes any word, name, symbol or device, or any combination thereof --

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

STATEMENT OF THE CASE

Following the allowance by the United States Trademark Examiner of Mercury's registration application, the Federal Circuit affirmed the Board's decision sustaining the consolidated oppositions to registration of Mercury's color trademark.

I. BACKGROUND

Mercury has continuously manufactured and sold outboard marine engines in the color black for over thirty years. In 1962, Mercury introduced its first all black outboard engine. Since 1964, all Mercury outboard engines have been black. In the last three decades, Mercury has spent over $100 million in advertising and generated $3 billion in sales of its all black outboard motors. It is undisputed that Mercury advertisements have focused on Mercury's "all black" color.

On April 27, 1988, Mercury filed an application to register the color black for outboard engines on the Principal Register. Relying on 15 U.S.C. § 1052(f), Mercury

maintained that the color black, while perhaps not inherently distinctive, had acquired secondary meaning and served as a trademark for Mercury's outboard engines. The Trademark Examiner allowed the registration (App. D, A69-70). British Seagull Ltd. and Outboard Marine Corp. ("OMC") (the "opposers") filed Opposition Nos. 80,900 and 80,901 which were consolidated by the Board.

It is undisputed that opposer Outboard Marine Corp. (OMC) has been the unit volume leader in the manufacture and sale of outboard marine engines from the early 1980's to the present (Appellate Appendix, A11939-943). OMC has maintained a 47.35% average market share for the years 1981 to 1990 as compared to Mercury's 20% share (A11939-943) -- and there is no evidence in the record that OMC ever sold a single all black engine as a standard commercial product in the more than 75 years it has been in the business.

Mercury presented uncontradicted evidence, including two surveys, showing that its "all

black" trademark has acquired secondary meaning as a result of its long and exclusive use. The opposers proffered no survey evidence. However, the Federal Circuit's decision does not substantively address secondary meaning (App. A, A27). Instead, it affirms the Board's decision based solely on the "functionality" issue as it applies to Mercury's color trademark.

II. PROCEEDINGS BELOW

The Board found the color black de jure functional because of competitive need, stating:

> [A]lthough the color black is not functional in the sense that it makes these engines work better, or that it makes them easier or less expensive to manufacture, black is more desirable from the perspective of prospective purchasers because it is color compatible with a wider variety of boat colors and because objects colored black appear smaller than they do when they are painted other lighter or brighter colors.

(App. B, A35). Opposers proffered no direct testing or survey evidence of prospective purchaser users on color compatibility or "objects colored black appear smaller." The Federal Circuit affirmed solely on the basis of the perceived presence of functionality due to

competitive need (App. A, A27), and quoted the test articulated by the Supreme Court:

> In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article. Inwood Lab., Inc. v. Ives Lab., Inc., 456 U.S. 844, 850 n. 10 (1982). (Emphasis added).

(App. A, A8). The Federal Circuit then stated:

> Contrary to Mercury's assertion, **the test for de jure functionality does not involve inquiry into whether a particular feature is "essential" to compete at all:**
>
> > If the feature asserted to give a product distinctiveness is the best, or at least one, of a few superior designs for its de facto purpose, it follows that competition is hindered. Morton-Norwich does not rest on total elimination of competition in the goods.
>
> In re Bose Corp., 772 F.2d 866, 872, 227 USPQ 1, 6 (Fed. Cir. 1985).

(App. A, A11-12) (bold emphasis added, underlined emphasis in original).

III. PRELIMINARY STATEMENT IN VIEW OF PENDING QUALITEX CASE

Petitioner concedes that this petition must be summarily denied if the first "Question Presented" before this Court in Qualitex Company v. Jacobson Products Co., Inc., 63 U.S.L.W. 3255 (Sept. 26, 1994) is answered in the affirmative -- namely "Whether the Lanham Act prohibits the registration of color as a trademark?" If color alone is subject to trademark registration, however, this Petition is believed to raise a significant issue concerning whether color trademarks may be treated in a manner fundamentally different from other types of trademarks registrable under the Lanham Act with respect to functionality.

REASONS FOR GRANTING THE PETITION

I. THE DECISION OF THE FEDERAL CIRCUIT IS IN DIRECT CONFLICT WITH THE INWOOD DECISION OF THE SUPREME COURT

The Inwood test for functionality requires that in order for a product feature to be functional, it must either: 1) be "essential" to the use or purpose of the product; or 2)

affect the "cost or quality" of the product. Here, the Board clearly found that Mercury's "all-black" color does not affect the "cost" or "quality" of the outboard engines to which it is applied:

> [T]he color black is not functional in the sense that it makes these engines work better [quality], or that it makes them easier or less expensive to manufacture [cost]....

(App. B, A35). The Federal Circuit did not disturb this finding (App. A, A13) ("The color black, as the Board noted, does not make the engines function better as engines. The paint on the external surface of an engine does not affect its mechanical purpose.").

The alternative inquiry under Inwood is whether Mercury's "all-black" color is "essential" to the "use or purpose" of the outboard engines. Neither the Board nor the Federal Circuit made any such finding. Nor could they: OMC's domination of the outboard engine market -- achieved by selling only non-black engines as standard product offerings -- clearly and obviously shows otherwise. How

could OMC be so successful if "all black" was so essential?

The Board's "functionality" conclusion was clearly erroneous. Stock Pot Restaurant, Inc. v. Stockpot, Inc., 737 F.2d 1576, 1578 (Fed. Cir. 1984) (Board's determination of functionality reviewable for clear error). The Federal Circuit's decision to affirm is clearly in error unless some unarticulated functionality test unique to color trademarks applies. Ilco Corp. v. Ideal Security Hardware Corp., 527 F.2d 1221, 1224-25 (CCPA 1976) (Factual findings underpinning a judgment must be based on some credible evidence). In short, barring a contrary result in Qualitex, the law does not allow the Board and the Federal Circuit to circumvent Inwood and exempt color trademarks from the "essential to use or purpose" inquiry.

II. THE FEDERAL CIRCUIT DECISION RELEGATES COLOR MARKS TO A "SECOND CLASS" STATUS AMONG TRADEMARKS

The Board's conclusion that engine manufacturers have a "competitive need" to use Mercury's "all black" trademark, based on its

"color compatibility" and "objects colored black appear smaller" statements, shows that it treated Mercury's color trademark in a manner at odds with the Supreme Court's instructions in Inwood. Despite stating that the record was one of the "largest ever" before it (App. B, A33), the Board never specifically cited to the record to support its "color compatibility" and "objects colored black appear smaller" statements (App. B, A34-65). All the credible evidence adduced before the Board suggested otherwise. There was no evidence in the record suggesting Mercury's "all black" mark is "essential" for effective competition. Neither the Board nor the Federal Circuit decisions suggests otherwise. The ability to register any color as a trademark will be near impossible if a competitor can simply say that he may have a "competitive need" to use it also.

In short, both the Federal Circuit and the Board treated Mercury's color trademark like a "second class" mark, not entitled to the standards of registration and review that other

types of trademarks receive under the Lanham Act. The Federal Circuit's treatment of Inwood will breed unending functionality disputes with respect to color trademarks. Therefore, a decision in favor of Qualitex in the Qualitex case will suggest that this Petition should be granted. It would further appear appropriate to consolidate this Petition, if granted, with the Qualitex case, since both appellate decisions clearly treat color trademarks in a materially different fashion than other types of trademarks.

CONCLUSION

For the reasons set forth above, a writ of certiorari should issue to review the judgment and opinion of the Federal Circuit.

Dated: December 14, 1994

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